



# RENTAL ASSISTANCE DEMONSTRATION

NEWSLETTER: February 2015 | Issue 6

U.S. Department of Housing and Urban Development

Secretary Julián Castro

*"The affordable housing crisis is growing. RAD is part of the solution."*

Secretary Julián Castro



## HUD Begins Issuing CHAPs under Expanded Cap

Pursuant to the increase in the RAD cap to 185,000 units, HUD has begun issuing Award letters (Commitments to Enter into Housing Assistance Payments Contracts, or CHAPs) for applicants who have been on the RAD 1st Component waiting list. All award letters are expected to be issued in March. However, as indicated in the [February 3, 2015 RADBlast](#), CHAP milestones will not begin until the later of the date of award or the publication of the upcoming revisions to the RAD Notice (expected in early Spring).

## HUD Publishes Welcome Guide

Along with the issuance of the CHAPs, HUD has published a "Welcome Guide" for all new awardees. The purpose of the guide is to offer advice and suggestions regarding the various key steps associated with a successful conversion. The Guide is recommended reading for all awardees and their development partners. A copy of the Guide can be accessed [here](#).

## Implementation Focus Groups Held

In January and February, HUD convened a series of focus groups to gather feedback on the processing of RAD transactions. Two focus group meetings were conducted on the 1<sup>st</sup> Component (Atlanta, Washington, DC) and one on the 2<sup>nd</sup> Component (New York City). A separate focus group was also held for residents (Las Vegas) for RAD 1st Component transactions. Participation was largely targeted to PHAs and their partners with closed transactions. To provide as open a dialogue as possible, HUD staff did not attend the focus group sessions. Instead, the focus groups were facilitated by Enterprise Community Partners, which is under contract to HUD to provide RAD technical assistance. HUD would like to thank all those who participated in the focus groups and expects to share the results soon.

[What is RAD?](#)

The **Rental Assistance Demonstration (RAD)** allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. RAD 1st component transactions cover Public Housing units as well as Section 8 Moderate Rehabilitation projects. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st component transactions, 2nd component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.

The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that could be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

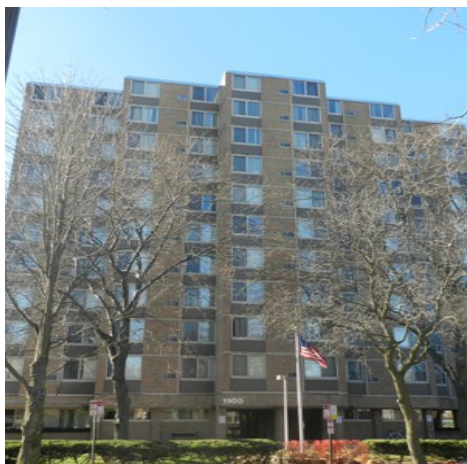
As a result of the FY2015 appropriations bill, the Department has the statutory authority to convert up to 185,000 units through RAD's first component, representing a significant increase from the program's initial 60,000 unit cap. The additional authority will widen program participation, enabling more PHAs and HUD-assisted property owners to ensure access to quality, affordable housing for our nation's low-income families.

## January Closings Spotlight

### Jane Perlman Apartments, Cook County Housing Authority, Illinois

Located in Evanston, IL, the Jane Perlman Apartments consist of a 10-story building containing 101 units, and a 5-story building containing 100 units. The project is being financed with a combination of tax credits, HOME funds, a Section 221d4 FHA loan, and other local sources. This public housing property was converted to PBRA. RAD monthly contract rents are \$640 per unit. The RAD conversion will facilitate hard construction costs of about \$85,000 per unit.

"We are excited to have started the renovation of the Jane Perlman Homes," said Richard Monocchio, Executive Director. "RAD allowed us to leverage over \$25 Million, which will ensure that 200 units of affordable housing in an upscale suburban area will be viable for decades to come."

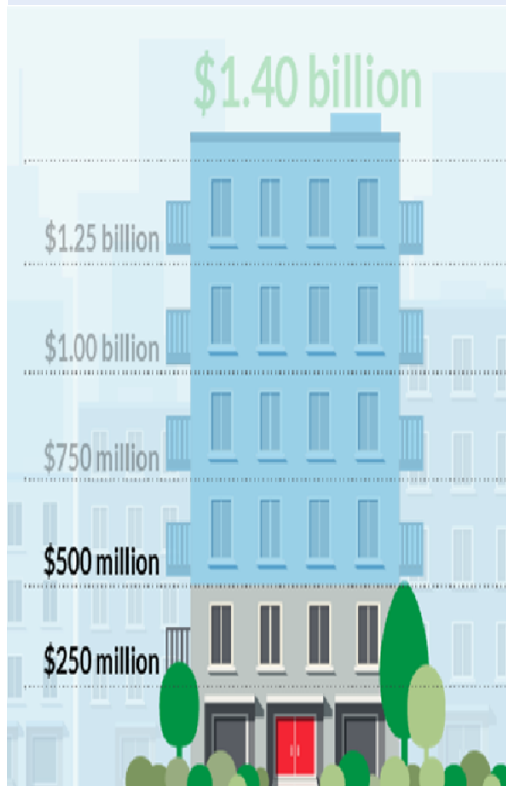


## RAD Stats Through 1/31/15

### RADOMETER

*Total construction activity leveraged  
(closed projects, 1st component)*

**\$539,350,556**



### RAD 1st Component

Waitlist:	Units	Projects
Active Waitlisted Applications	86,460	729
Multiphase/Portfolio Requests	34,835	244
<b>Total</b>	<b>121,295</b>	<b>973</b>

Awards:	Units	Projects
Active CHAPs	29,225	246
Multiphase/Portfolio Reservations	16,051	99
Closed Conversions	13,205	129
<b>Total</b>	<b>58,481</b>	<b>474</b>

Withdrawn/Revoked CHAP Awards	5,154	43
Reserved Authority	179,776	1,399
Authority Remaining	5,224	N/A

### RAD 2nd Component

	Units	Projects
Active Conversions	12,278	72
Closed Conversions	8,715	76

### Hunters View Phase 2, San Francisco Housing Authority, California

The Hunters View neighborhood in southeastern San Francisco is home to the historic Bayview Opera House, the former Hunters Point Naval Shipyard, and Candlestick Park. Hunters View was originally constructed during WWII to serve as temporary military housing and housing for employees of Hunter Point Naval Shipyard. The shipyard and surrounding business center were the center for the city's industrial business district. The complex originally contained 267 public-housing units at the top of a hill overlooking the shipyard and bay. All of those units will be demolished to make way for approximately 800 units of mixed-income housing, of which approximately 350 will be public or assisted units.

Hunters View Phase 2 includes 107 new construction units, of which 54 will be RAD PBV units. The RAD monthly contract rents are \$876 for a 2 bedroom unit. In 2013, the project's first phase won the San Francisco Business Times "Community Impact Project of the Year" award, as well as *Affordable Housing Finance's* "Reader's Choice Award for Family Project."

Hunters View Phase 2 is part of a partnership to transform public housing in San Francisco by leveraging \$780 million in investor equity and other new resources through the RAD program. "This partnership will finally allow San Francisco to fully re-envision public housing for thousands of very low-income San Franciscans," said Mayor Edwin M. Lee.



For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at [RAD@hud.gov](mailto:RAD@hud.gov). Click [here](#) to sign up for the RAD Mailing List!